REMARKS

Overview

Claims 46, 47, 50-54 and 63-84 are pending in the present application. Claims 46, 47, 50, 51, 65, and 66 have been amended. Claims 48, 49, and 62 have been cancelled. Claims 69-87 are new. Support for the new claims should be apparent at least from the original claims and/or the figures. The Office Action mailed March 24, 2009 has been carefully reviewed. The present response is an earnest effort to place all claims in proper form for immediate allowance. Reconsideration and passage to issuance is therefore respectfully requested.

Claim Rejections Under 35 U.S.C. § 101

Claims 46-54 and 62-68 are rejected under 35 U.S.C. § 101. Based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to a machine or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. Here, the Examiner indicates that Applicant's method steps fail the first prong of the new Federal Circuit decision since they are not tied to a machine and can be performed without the use of a particular machine. Thus, the Examiner considers claims 46-54 and 62-68 to be non-statutory since they may be performed within the human mind. The Examiner further indicates that mere recitation of the machine in the preamble with an absence of a machine in the body of the claim fails to make the claim statutory under 35 U.S.C. § 101.

It is respectfully submitted that the Patent Office's guidance provided to examiners regarding what is and is not statutory eligible subject matter is inconsistent with Supreme Court precedent. First, to the extent that the Patent Office relies upon Bilski for the proposition that the

machine or transformation is the only test for patent eligible subject, the only way such a test is consistent with existing Supreme Court precedent is for a very broad interpretation of what is meant by "machine" and what is meant by "transformation." For example J.E.M. Ag Supply v. Pioneer Hi-Bred International, 534 U.S. 124, 145 (2001) held that plant seeds fall within the scope of § 101. Thus, in order for Bilski to be consistent with Supreme Court precedent, a broad definition of what is meant by "machine" or "transformation" must apply.

Second, in reviewing the § 101 issue, as it applies to the machine-or-transformation test set forth in Bilski, it is important to keep in mind that the purpose of the test is to determine "whether Applicant's claim recites a fundamental principle and, if so, whether it would pre-empt substantially all uses of that fundamental principle if allowed." In re Bilski, 545 F.3d 943, 954 (Fed. Cir. 2008) (en banc). It is clear that claims 46-54 and 62-68 would not pre-empt substantially all uses of a fundamental principle. All of these claims are tied to a particular machine, transform a particular article into a different state or thing, or both. Each of the independent claims and how they satisfy the machine or transformation test are discussed in detail below.

First, claim 46 as amended recites "A method for verifying compliance with a finance agreement between a first party and a second party, the finance agreement associated with an asset wherein the first party provides asset financing and the second party is permitted to sell the asset associated with the finance agreement, the method comprising: notifying the second party of a self-audit of the asset; requiring the second party to use a machine to electronically read encrypted data from at least one electronically-readable identification tag associated with the self-audit; requiring the second party to send audit information based on the encrypted data to the first party; determining that the second party is complying or not complying with the finance

agreement based on the audit information." Note that claim 46 as amended clearly indicates that a "machine" is used to "electronically read encrypted data from the at least one electronically-readable identification tag." Thus, claim 46 requires a particular machine to be used and thus 35 U.S.C. § 101 is satisfied for that reason. In addition, claim 46 recites "at least one electronically-readable identification tag." The recited tag is sufficient to meet the machine prong of the Bilski test for statutory eligible subject matter. Finally, claim 46 also provides for a transformation. In particular, data residing on an electronically-readable identification tag is transformed into audit information.

It further noted that the Examiner indicates in the Office Action at paragraph 7 that "However, this claim does not require that something is actually done with the tag. For example, in the limitation of 'requiring the second party to electronically read at least one identification tag associated with the audit, ' there is no certainty that the tag is actually read. Furthermore, if the tag is read, there is no indication that a machine is used to read the tag. Although the limitation states that the tag is read electronically, that is insufficient to show that a physical machine is used to read the tag." It is respectfully submitted, that the tag is actually read because claim 46 recites "determining that the second party is complying or not complying with the finance agreement based on the audit information" and thus requires that the tag information be read. In addition, as previously noted, claim 46 now specifically recites a machine. Therefore, the rejection to claim 46 must be withdrawn. As claims 47-54 and 63-64 depend from claim 46, these rejections should also be withdrawn.

Independent claim 65 recites "A method for verifying compliance with an agreement by use of a remotely controlled, self-audit, the method comprising: initiating the self-audit by requesting an electronic reading by a machine of at least one identification tag containing

encrypted data associated with an asset; receiving audit information based on the electronic reading by the machine of the at least one identification tag; and determining compliance or non-compliance with the agreement based on the audit information." Note that claim 65 as amended clearly indicates that a "machine" is used to perform "electronically reading" of a "tag containing encrypted data." Thus, claim 65 requires a particular machine to be used and thus 35 U.S.C. § 101 is satisfied for that reason. In addition, claim 46 recites "at least one identification tag." The recited tag is sufficient to meet the machine prong of the Bilski test for statutory eligible subject matter. Finally, claim 65 also provides for a transformation. In particular, data residing on an identification tag is transformed into audit information. Therefore, the rejection to claim 65 must be withdrawn.

Independent claim 66 recites "A method for verifying compliance with an agreement by use of a remotely controlled, self-audit, the method comprising: initiating the self-audit by requesting an electronic reading by a machine of at least one identification tag containing encrypted data associated with an asset; receiving audit information, the audit information including data based on the electronic reading by the machine of the at least one identification tag containing the encrypted data in combination with data associated with the self-audit or data associated with the asset; and determining compliance or non-compliance with the agreement based on the audit information." Note that claim 66 as amended clearly recites that a machine performs the electronic reading of the identification tag. Thus, the machine prong of the Bilski test is satisfied. Also, claim 66 provides for a transformation. In particular, data residing on the identification tag is transformed into audit information. Therefore, the rejection to claim 66 must also be withdrawn. As claim 67-68 depend from claim 66, these rejections should also be withdrawn.

It is also noted that new independent claims 85, 86, and 87 are also directed towards patent eligible subject matter. New claim 85 recites "A method for verifying compliance with a finance agreement between a first party and a second party, the finance agreement associated with an asset wherein the first party provides asset financing and the second party is permitted to sell the asset associated with the finance agreement, the method comprising: initiating a remotely controlled machine audit of the asset by requesting an electronic reading by at least one machine within the predicted proximity of at least one identification tag containing encrypted data associated with an asset; receiving audit information based on the electronic reading by the at least one remote machine of the at least one identification tag; and determining compliance or non-compliance with the agreement based on the audit information." Note that in claim 85, the audit is a "remotely controlled machine audit" and the reading of the identification tag is an "electronic reading by at least one machine." Therefore, it is respectfully submitted that that claim 85 clearly meets the machine prong of the Bilski test.

Claim 86 recites "A method for verifying compliance with an agreement by use of a remotely controlled machine audit, the method comprising: initiating the audit by requesting an electronic reading by at least one machine within the predicted proximity of at least one identification tag containing encrypted data associated with an asset; receiving audit information based on the electronic reading by the at least one machine of the at least one identification tag; and determining compliance or non-compliance with the agreement based on the audit information." Note that in claim 86, the audit is "a remotely controlled machined audit" and the reading of the at least one identification tag is "an electronic reading by at least one machine." Therefore, it is respectfully submitted that claim 86 clearly meets the machine prong of the Bilski test.

Claim 87 recites "A method for verifying compliance with an agreement by use of a remotely controlled machine audit, the method comprising: initiating the audit by requesting an electronic reading by at least one machine within the predicted proximity of at least one identification tag containing encrypted data associated with an asset; receiving audit information, the audit information including data based on the electronic reading by the at least one machine of the at least one identification tag containing the encrypted data in combination with data associated with the remotely controlled machine audit of data associated with the asset; and determining compliance or non-compliance with the agreement based on the audit information." Note that in claim 87, the audit is "a remotely controlled machined audit" and the reading of the at least one identification tag is "an electronic reading by at least one machine." Therefore, it is respectfully submitted that claim 87 clearly meets the machine prong of the Bilski test.

Claim Rejections Under 35 U.S.C. § 103

Before addressing the rejections with respect to specific claims, it is believed it may be helpful to the Examiner to review some of the fundamental distinctions between these references and the claimed invention. The claimed invention clearly requires the second party to the agreement (the dealer that is floor planning in Carmichael) to do an audit electronically. Nowhere in the Carmichael article, "Floorplanning: Industry in Transition", does the second party to the agreement perform the audit. This article clearly states that the floorplan finance company checks the dealer's "floor" every thirty days to determine what merchandise has been sold, and if a floorplan dealer is "out of trust", the floorplan dealer must immediately give the finance company ***representative*** a check for the amount due on the sold merchandise. Clearly, the audit is performed by the finance company's ***representative*** (which could be read as a third party

representative in the broadest sense). Also, the Carmichael article speaks of industry trends in which there was a move in 1992 towards a "pay schedule" whereby dealers and distributors were to make regularly scheduled payments, and flooring companies would have been able to bypass the costly floor checks. Nowhere in the Carmichael article is there any discussion about using a self-audit by the floorplan dealer, as a direct party to an agreement, to bypass the costly floor checks or audits. The present invention overcomes the present state of the industry in which audits are being performed by the finance company, or a third party on behalf of the floorplan finance company by having the floor plan dealers perform a self audit. This is of course the heart of the present invention: a method for self-audits that satisfy the floorplan finance company, and reduces or eliminates the need for costly audits by the floorplan finance company, or a third party representative hired to audit on behalf of the floorplan finance company. Carmichael also states that after the finance company gives its approval, it obtains a security agreement which in effect provides a lien on the merchandise shipped to the dealer under a give approval number. The background of the invention in the present application points out the state of the industry, which may be different than what Carmichael portrayed in 1992. The Applicant states that if a dealer is experiencing cash flow problems, there is an opportunity for the funds (from the sale) to be retained and utilized by the dealer for a period of time, in essence taking the place of a short-term loan. The dealer deposits the funds from the transaction into his bank account, with good intentions to pay off the finance company when his cash position improves. However, if the dealer's cash flow does not improve, he can quickly get into a position where he is financially unable to pay off the finance company, and he is now seriously "out of trust". This type of situation can quickly escalate into a large sum of money that is owed, as well as being a large liability exposure for the finance company. If the dealer should then become insolvent, there are

many issues concerning who has the legal right to the collateral. This is because the finance company usually does not file individual liens against individual "floor planned" vehicles, thus the finance company may have both the associated liability along with the financial risk of losing their collateral. Carmichael indicates the floorplan finance company has a "lien in effect" because it has a signed security agreement, but the reality is floorplan finance companies often do not file individual liens. Therefore, the Carmichael article does not accurately portray floorplanning in the current day or recognize all of the problems of finance companies addressed by the present invention.

Claims 46-51, 62, 63, 65, 66 and 68 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Carmichael, 1992 in view of Mercer et al., U.S. Patent Publication No. 2004/008828 A1. These rejections are respectfully traversed.

1. Even if Carmichael and Mercer are combined, they do not teach each and every limitation of the claimed invention.

Claim 46 recites, in part, "notifying the second party of a self-audit of the asset; requiring the second party to use a machine to electronically read encrypted data from at least one electronically-readable identification tag associated with the self-audit; requiring the second party to send audit information based on the encrypted data to the first party; determining that the second party is complying or not complying with the finance agreement based on the audit information." Even if Carmichael and Mercer are combined, they do not teach each and every limitation of the claimed invention. In particular, neither Mercer et al. nor Carmichael teach "notifying the second party of a self-audit of the asset" as recited in claim 46. Nor do either

Mercer et al. nor Carmichael teach "determining that the second party is complying or not complying with the finance agreement based on the audit information" as recited in claim 46.

1.1 Neither Mercer et al. nor Carmichael teach "notifying the second party of a self-audit of the asset."

Neither Mercer et al. nor Carmichael teach "notifying the second party of a self-audit of the asset" as recited in claim 46. The Examiner cites to page 2, paragraph 1 of Carmichael as teaching "During the 90-day period, the floorplan finance company checks the dealer's 'floor' every 30 days to determine what merchandise has been sold. This method of ensuring that the dealer meets his flooring obligation is known as 'pay-as-sold'" (Office Action, p. 5). However, such an audit is clearly not a self-audit.

1.2 Neither Mercer et al. nor Carmichael teach "determining that the second party is complying or not complying with the finance agreement based on the audit information" as claimed.

Neither Mercer et al. nor Carmichael teach "determining that the second party is complying or not complying with the finance agreement based on the audit information." Claim 1 has defined what the "audit information" is, namely information based on the encrypted data at least one electronically-readable identification tag. The Examiner cites to page 2, paragraph 1 of Carmichael as teaching "During the 90-day period, the floorplan finance company checks the dealer's 'floor' every 30 days to determine what merchandise has been sold. This method of ensuring that the dealer meets his flooring obligation is known as 'pay-as-sold'" (Office Action, p. 5). However, Carmichael does not teach doing so with the claimed audit information.

Therefore, for at least the foregoing reasons, the rejection to claim 46 should be withdrawn. As claims 47, 50-51, and 63 depend from claim 46, these rejections should also be withdrawn. It is further noted that claims 48-49 have been cancelled.

2. Even if Carmichael were combined with Mercer and the understanding of one skilled in the art, one of ordinary skill in the art would not have been led to the claimed invention.

The Examiner states "It would have been *prima facie* obvious to one of ordinary skill in the art at the time of the invention to incorporate Mercer's method of using RFID tags to track vehicles with Carmichael's method of floor plan financing. One of ordinary skill in the art would have been motivated to incorporate this feature for the purpose of making it easier and more efficient for lenders in floor plan financing to determine whether a vehicle has been removed from the dealership of the borrower. If a vehicle has been removed from a dealership, then that signifies that the vehicle has been sold and a payment is due to the lender."

One skilled in the art would recognize that one of the problems with floor plan financing is the trustworthiness of the dealerships. For that reason, one skilled in the art would not be inclined to combine the inventory system of Mercer et al. with Carmichael's method of floor plan financing. In Mercer et al. the inventory system is under the control of the dealer. At paragraph [0057] Mercer et al. discloses in part, "The computer 94 then generates and prints a report showing all the discrepancies between the vehicle database and the actual inventory on the dealer's lot. This permits the dealer to determine which cars are missing, if any, and to either locate these vehicles or alter the records in the vehicle database to indicate that a vehicle has been sold or otherwise transferred off the dealer's lot." Thus, the inventory system of Mercer et al.

would not be appropriate for the floor plan financing of Carmichael, because a finance company would have to rely on inventory information collected by and altered by a dealer.

The Examiner indicates "This limitation which is lacking in Carmichael is disclosed in Mercer. Mercer discloses a method of tracking and identifying vehicles on an auto dealer's lot. In one embodiment, according to Paragraph 0045 of Mercer, 'a number of transmitters/receivers are positioned at strategic locations of an auto dealer's lot so that the RFID tags...on all of the vehicles can be read, regardless of where the vehicles are located on the lot.' This method of identifying vehicles on the lot would provide confidence to the finance company because it can be assured that if a tag is read, the vehicle is located on the lot. Furthermore, Paragraph 0057 states that a report can be generated that shows any discrepancies between the vehicles that are supposed to be on the lot that [and] those that are actually on the lot. This report could be provided to the finance company so that it can determine whether the dealer is complying with the agreement." Office Action, p. 4, numbered paragraph 8. The problem with such a combination is that it relies upon the trustworthiness of the dealer. Suppose a dealer provides such a report to a finance company. How does the finance company know when the tags of the vehicles were scanned and that the report is current? How does the finance company know that the dealer has not simply altered the information in their database?

Thus, one skilled in the art looking at Mercer and Carmichael would not have been led to the claimed invention. Nor would one skilled in the art looking at Mercer and Carmichael even have been led to combine the two, because there would not have been expectation that the result would have achieved a finance company's objective of auditing a dealer.

3. Even if Carmichael and Mercer et al. are combined, they do not teach each and every limitation of claim 65.

Claim 65 recites in part "initiating the self-audit by requesting an electronic reading by a machine of at least one identification tag containing encrypted data associated with an asset." Neither Carmichael nor Mercer et al. teach this step. The Examiner cites to Mercer et al., Paragraph [0011] as teaching "An RFID tag encoded with vehicle-specific information may be attached to or embedded in both the window sticker and key tag label for identification and tracking purposes." Office Action, p. 8. Yet, Mercer et al. does not teach a self-audit, only an inventory system. Moreover, Mercer et al. does not teach an identification tag containing encrypted data. Therefore, this rejection to claim 65 should be withdrawn.

In addition, one skilled in the art would not have been motivated to combine Mercer et al. and Carmichael at least for the reasons expressed with respect to claim 46. Therefore this rejection to claim 65 should be withdrawn on this independent basis as well.

4. Even if Carmichael and Mercer et al. are combined, they do not teach each and every limitation of claim 66.

Claim 66 recites "A method for verifying compliance with an agreement by use of a remotely controlled, self-audit, the method comprising: initiating the self-audit by requesting an electronic reading by a machine of at least one identification tag containing encrypted data associated with an asset; receiving audit information, the audit information including data based on the electronic reading by the machine of the at least one identification tag containing the encrypted data in combination with data associated with the self-audit or data associated with the asset; and determining compliance or non-compliance with the agreement based on the audit

information." Neither Carmichael nor Mercer et al. teach "initiating the self-audit" as expressed with respect to claim 65. Therefore this rejection to claim 66 should be withdrawn. Neither Carmichael nor Mercer et al. teach an identification tag "containing encrypted data." Therefore, the rejection to claim 66 should be withdrawn on this independent basis. Neither Carmichael nor Mercer et al. teach audit information data based on reading an identification containing encrypted data. Therefore, the rejection to claim 66 should be withdrawn on this independent basis as well.

In addition, one skilled in the art would not have been motivated to combine Mercer et al. and Carmichael at least for the reasons expressed with respect to claim 46. Therefore this rejection to claim 65 should be withdrawn on this independent basis as well.

5. Due to the deficiencies of Carmichael and Mercer et al., which are not remedied by the other references cited, the rejections to claims 52, 53, 54, and 64 should also be withdrawn.

Claim 52 is rejected under 35 U.S.C. § 103(a) as being unpatentable over Carmichael, 1992 in view of Mercer et al., U.S. Patent Publication No. 2004/008828 A1, and further in view of Hull et al., U.S. Patent Application Publication No. 2004/0041707 A1. This rejection is respectfully traversed. Claim 52 depends from claim 46. It is respectfully submitted that Carmichael and Mercer et al. are deficient with respect to claim 46 at least for the reasons previously stated and that Hull et al. does not remedy these deficiencies. Therefore, this rejection to claim 52 should be withdrawn. It is further submitted that one skilled in the art would not have been led to combine Hull with Mercer et al. or Carmichael. The Examiner states "One of ordinary skill in the art would have been motivated to incorporate this feature for the purpose of

making it easier and more efficient for lenders in floor plan financing to determine whether a vehicle has been removed from the dealership of the borrower. If a vehicle has been removed from a dealership, then that signifies that the vehicle has been sold and a payment is due to the lender." Using audit information which includes a hash does not make it easier and more efficient for lenders in floor plan financing to determine whether a vehicle has been removed from the dealership. Thus, there is no proper motivation or suggestion given to combine these references. Therefore, this rejection to claim 52 should be withdrawn for this independent reason.

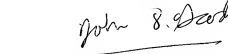
Claims 53, 54, and 64 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Carmichael, 1992 in view of Mercer et al., U.S. Patent Application Publication Number 2004/0088228A1, and further in view of Adams et al., U.S. Patent Application Publication Number 2003/0031819A1. The deficiencies of Carmichal and Mercer et al. have already been discussed with respect to claim 52. It is respectfully submitted that Adams et al. does not remedy these deficiencies and therefore these rejections should also be withdrawn.

Conclusion

No fees or extensions of time are believed to be due in connection with this amendment; however, consider this a request for any extension inadvertently omitted, and charge any additional fees to Deposit Account No. 26-0084.

Reconsideration and allowance is respectfully requested.

Respectfully submitted,



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